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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 6 OF SECURITY COUNCIL RESOLUTION 1242 (1999)

I. INTRODUCTION

1. Pursuant to paragraph 1 of Security Council resolution 1242 (1999) of 21 May 1999, a new 180-day period commenced at 0001 hours Eastern Standard Time on 25 May 1999, for the humanitarian programme established by Council resolution 986 (1995). The distribution plan for phase VI was approved by the Secretary-General on 11 June 1999 (S/1999/671).

2. The present report is submitted to the Security Council pursuant to paragraph 6 of resolution 1242 (1999), and provides information up to 31 July 1999 on the distribution of humanitarian supplies throughout Iraq, including the implementation of the United Nations Inter-Agency Humanitarian Programme in the three northern governorates of Dahuk, Erbil and Sulaymaniyah. It also describes developments in the implementation of the programme since the period covered by the previous report, submitted to the Council on 18 May 1999 (S/1999/573 and Corr.2).

II. REVENUE GENERATION, PROCUREMENT AND DISTRIBUTION TO END-USERS

A. Oil production and sale of petroleum and petroleum products

3. Since the beginning of phase VI and as at 31 July 1999, the oil overseers and the Security Council Committee established by resolution 661 (1990) have reviewed and approved a total of 75 contracts involving purchasers from 32 countries: Algeria (1), Austria (1), Belarus (1), Belgium (1), Brazil (1), Bulgaria (1), China (4), Egypt (1), Gambia (1), Greece (1), France (4), India (1), Ireland (1), Italy (4), Kenya (1), Malaysia (2), Morocco (2), Namibia (1), Netherlands (1), Russian Federation (19), South Africa (1), Spain (3), Sudan (1), Switzerland (6), Tunisia (1), Turkey (5), Ukraine (2), United Arab Emirates (2), United Kingdom of Great Britain and Northern Ireland (2), United States of America (1), Viet Nam (1) and Yemen (1).

4. The total quantity of oil approved for export under those contracts corresponds to approximately 355 million barrels for 180 days, which is about the same amount as in the previous phase. Owing to the steady increase in price

since the beginning of this phase (about $5 a barrel since the beginning of June and another $2.50 a barrel since the beginning of July), the average price of Iraqi crude oil is about $17 a barrel - more than twice the price in December 1998, when the average price for Iraqi crude oil reached its lowest mark at around $7 a barrel. If prices remain at the current level, the estimated value of approved contracts for the export of oil will be about $6 billion, and, taking into consideration new oil contracts under review, total revenue projected for the whole 180-day period would reach $6.3 billion (including the estimated amount required for pipeline fees). While this amount exceeds considerably the revenue authorized ($5.256 billion) for phase VI under resolution 1242 (1999), it is still insufficient to cover the shortfall of revenues of about $3.1 billion under phases IV and V.

5. As at 31 July, the export of petroleum from Iraq under the current phase proceeded smoothly, with excellent cooperation among the oil overseers, the independent inspection agents for oil (Saybolt), the relevant authorities of Turkey, the Iraqi State Marketing Organization for Oil and the national oil purchasers. A total of 100 loadings, 128 million barrels in all, with an estimated value of $2.065 billion, have been completed. About 45 per cent of the liftings have been made at Ceyhan, Turkey.

6. As previously reported, the increase in the total level of oil exports from both the north and the south of Iraq in phase V led to an increase in the share of crude oil exported from Mina al-Bakr. This trend continued in phase VI, as the main capacity of Iraqi crude oil production is located in the south of the country. Consequently, in the current phase, despite the considerable increase expected in exports from the north, which would reach more than 160 million barrels, the share of exports from Ceyhan will still be in the range of 42 to 45 per cent.

7. The oil overseers have continued to advise and assist the Security Council Committee on pricing mechanisms, contract approval and modifications and other pertinent questions related to exports and monitoring under resolution 986 (1995) and all subsequent relevant resolutions. The overseers and Saybolt have worked closely to ensure the monitoring of the relevant oil installations as well as the liftings.

8. As from 1 July, only one oil overseer remains in the service of the Iraq Programme. The Security Council Committee has been unable to agree on the selection and appointment of other overseers. Although thus far no delays or constraints have been experienced, there is an urgent need for an early decision by the Committee in order to ensure that contracts for the export of oil are processed expeditiously, without interruption.

Mina al-Bakr

9. As part of its weekly reporting, Saybolt had informed the Office of the Iraq Programme of the poor and deteriorating conditions on the Mina al-Bakr oil-loading platform. Saybolt advised the Office that by November 1998 their inspection agents, as well as national staff, were facing an emergency situation at Mina al-Bakr, particularly due to the failure of the water supply arrangements on the platform. At the request of the Office of the Iraq

Programme, a United Nations team was sent, in April 1999, to Mina al-Bakr to determine whether any short-term assistance could be rendered in improving the working conditions. The team reviewed the general conditions on the platform, including the supply of potable water, the structural integrity of the platform, the fire-fighting facilities, the power supply, the quality and variety of food and control of infestation. The in-depth report of the team was submitted by the Iraq Programme to the Ministry of Oil in June with a request that the Government, which is responsible for the maintenance of the platform, take the measures necessary to improve the unhygienic environment and unsafe working conditions.

B. United Nations accounts pertaining to the Iraq Programme

10. The United Nations accounts pertaining to the Iraq Programme are divided into seven separate funds pursuant to paragraphs 8 (a) to (g) of Security Council resolution 986 (1995). As at 31 July, of the $5.256 billion authorized under resolution 1242 (1999) for the 180-day period starting on 25 May (phase VI), $897.1 million had been deposited into the account for phase VI, bringing the total oil sale since inception to $14,230.9 million. Annex I to the present report shows the allocation of the total oil revenue among the various funds and the corresponding expenditures as at 31 July. Annex II shows the number and value of the letters of credit pertaining to oil proceeds and humanitarian supplies.

C. Prioritization, processing and approval of applications, delivery to Iraq and distribution to end-users

ESB (53 per cent) account

11. During the reporting period, the Office of the Iraq Programme has processed applications submitted under phases IV, V and VI. The status of applications under the ESB (53 per cent) account as at 15 August 1999 is provided in annex III. As regards phase III, on 14 June, the Secretariat informed the Security Council Committee that the total oil revenues available under that phase for the purchase of humanitarian supplies from the 53 per cent account of the programme had been fully committed and that no further applications for phase III would be accepted. Once pending applications for the targeted nutrition programme under phase IV are received, no further applications under phase IV will be accepted.

12. The increase in oil revenues during the second half of phase V has allowed virtually unrestricted circulation of phase V applications since 22 March, with the exception of those concerning food-handling equipment and agriculture, for which the total value of applications received is now in excess of current sectoral allocations. Consultations are under way with the Government of Iraq to finalize phase V sectoral allocations in order to utilize fully the available revenues and to allow circulation of most of the remaining applications. As at 31 July, a total of 213 applications valued at $508,666,705 have been transferred from phase IV to phase V for funding purposes. One application

valued at $775,000 has been transferred from phase IV to phase VI and another valued at $151,126 has been transferred from phase V to phase VI.

13. Annex III provides information regarding the number of applications received, circulated, approved and placed on hold, as well as the number of applications approved awaiting funding, for phases IV to VI.

14. The number of applications submitted has increased from the total of 1,155 received under phase III for both accounts - ESB (53 per cent) and ESC (13 per cent) - to 1,906 under phase V as at 31 July, which has severely strained the processing and evaluation capacity of the Office of the Iraq Programme. Two additional customs experts are being recruited in order to expedite the evaluation and circulation of applications. Measures are also being taken to further assist permanent and observer missions and United Nations agencies and programmes in improving the quality of applications submitted, to upgrade data-entry operations and to streamline procedures for distribution plan amendments. Steps are also under way to make possible the receipt of applications in electronic form.

15. A further issue impeding the circulation of applications, in particular with respect to a considerable number of applications received under phases V and VI, is the inclusion in approximately 160 of the applications submitted of payment clauses that may be contrary to the procedures and understanding of the Security Council Committee, the memorandum of understanding between the United Nations Secretariat and the Government of Iraq (S/1996/356) and the relevant Security Council resolutions. The Security Council Committee has directed the Office of the Iraq Programme to hold the circulation of such applications in abeyance pending the outcome of the Committee's deliberations regarding such contracts as to whether any may be circulated under existing procedures and which should be returned to the contracting parties for amendment, as appropriate.

16. There has also been a substantial increase in the demands on the Office of the Iraq Programme with regard to additional information requested by members of the Security Council Committee concerning the increasing number of applications being placed on hold. As at 13 August, the total number of applications circulated under phases III to VI, which have been placed on hold, is 475, valued at a total amount of about $500 million. The highest concentrations exist within the telecommunications, electricity and water and sanitation sectors, whereby 100 per cent, 65.5 per cent and 53.4 per cent respectively of all circulated applications under phase V have been placed on hold.

17. With regard to oil spare parts and equipment, the number of applications placed on hold in the oil sector under phase IV has remained constant. However, the number of applications placed on hold in phase V has increased from 34.2 per cent at the time of the last report to 43 per cent, with the value of applications on hold exceeding the value of those approved as at 31 July. Almost three quarters of the holds imposed on phase V applications relate to oilfields and installations in the south of Iraq.

18. In an effort to expedite the exchange of information between the relevant parties with respect to applications placed on hold for both the ESB

(53 per cent) and ESC (13 per cent) accounts, the Office of the Iraq Programme, in consultation with United Nations agencies and programmes and the Government of Iraq, has identified the most urgently required applications currently on hold and has brought them to the attention of the Security Council Committee. Furthermore, the Office of the Iraq Programme, in consultation with United Nations agencies and programmes and with the United Nations Office of the Humanitarian Coordinator in Iraq, has identified applications for contracts that would contribute to alleviating the effects of the severe drought in Iraq. The Security Council Committee is being informed when the applications are circulated as well as with respect to relevant applications that have been placed on hold.

ESC (13 per cent) account

19. The status of applications under the ESC (13 per cent) account for phases IV to VI, as at 15 August, is provided in annex III.

III. OBSERVATION AND MONITORING ACTIVITIES

A. Inspection and authentication of humanitarian supplies

20. The United Nations independent inspection agent, Cotecna Inspection S.A., continued to authenticate the arrival of humanitarian supplies at the entry points at Al-Waleed, Trebil, Umm Qasr and Zakho, as well as to report on the arrival of humanitarian supplies procured under the ESC (13 per cent) account by the United Nations agencies and programmes for the governorates of Dahuk, Erbil and Sulaymaniyah. New accommodation facilities for the inspection agents have been installed in Umm Qasr and Trebil. The required hardware, software and communications equipment has been installed to provide higher capacity data links between entry points, Geneva and New York. Expedited sampling and testing have been successfully carried out on a trial basis with laboratories in Jordan and Turkey, thereby increasing the rate at which results can be provided to independent inspection agents in the absence of mobile testing laboratories at entry points. More extensive testing, when required, is carried out in Switzerland.

21. Cotecna and the Multidisciplinary Observer Unit have reported ongoing deterioration in the state of the port of Umm Qasr, which could jeopardize logistics channels, in particular for the discharge and forward delivery of bulk commodities such as foodstuffs. Problems at the port include a lack of operational dredgers, a shortage of spare parts for tugboats, a shortage of forklifts and a requirement for new straddle carriers for the discharge of vessels, a lack of reliable electrical power to operate unloading cranes and a need for new fire-fighting vehicles. Some of these requirements have been identified in the distribution plan for phase VI. The Office of the Iraq Programme has requested the Government of Iraq to take steps to bring about the necessary improvements.

B. Monitoring of oil spare parts and equipment

22. Further shipments of oil spare parts and equipment procured under resolutions 1175 (1998) and 1210 (1998) have arrived in Iraq. As at 31 July, the total value of oil spare parts and equipment that had arrived in Iraq was $78,844,964. Under the monitoring mechanism established pursuant to resolution 1175 (1998), Saybolt, in conjunction with Cotecna, monitors the arrival, storage and utilization of oil spare parts and equipment inside Iraq. As the pace of deliveries has increased significantly, the monitoring team has been increased to four, with an additional two monitors planned for deployment during the current phase. This has allowed for the monitoring of the first two stages of the intelligent pigging operation of the Kirkuk-Yumurtalik pipeline on an ongoing basis, while routine monitoring activities continue in warehouses and distribution depots.

23. In view of the fact that the original warehouses designated for storage of spare parts and equipment for the oil industry had limited capacity, spare parts and equipment are now often delivered directly to the locations for which they were procured. This adjustment in procedure has also lessened the possibility of damage during unloading and unpacking at the intermediary warehouses.

24. The monitors have noted increased delays in the transportation and unpacking of oil spare parts and equipment arriving at Umm Qasr and destined for the South Oil Company warehouses at Basrah. The South Oil Company has indicated that there is a considerable lack of transport available for this purpose. Storage space at the Basrah warehouse is also extremely limited and therefore overcrowded, as previously delivered spare parts and equipment cannot be utilized in the field until all related items have been received.

25. The monitors for oil spare parts and equipment report that they have received full cooperation from the relevant authorities in Iraq in carrying out their tasks.

C. United Nations observation mechanism

26. During the period under review, with a few exceptions in areas close to Mosul and the Turkish border, regular observation activities continued throughout Iraq despite the persisting security constraints.

27. During the reporting period, the Geographical Observation Unit carried out 2,660 visits in the food, health, nutrition, agriculture and education sectors, including spot-checks of 1,449 beneficiaries of the food basket. World Food Programme (WFP) observers undertook a total of 41,854 visits during the reporting period, including 247 visits to silos, 1,058 to mills, 234 to warehouses and 11,239 to food and flour agents, as well as 29,076 household spot-checks. Since the inception of the programme, WFP has visited all food and flour agents throughout the country, 10.05 per cent of all households in the centre and south and 24.58 per cent of all households in the northern governorates of Dahuk, Erbil and Sulaymaniyah.

28. In the health sector, the World Health Organization (WHO) undertook a comprehensive review of stocks of medical items at the warehouses of the Iraqi State Company for Importation of Drugs and Medical Supplies (Kimadia) in Baghdad, and analysed health service data collected by the Ministry of Health to assess the impact of the humanitarian programme on the sector. The United Nations Children's Fund (UNICEF) carried out a nutritional status survey for weight and height covering 22,599 children under five years of age in 127 primary health centres throughout the centre and south of Iraq, as well as a similar survey covering 2,760 children in the three northern governorates. In the water and sanitation sector, UNICEF observers conducted 510 visits to various water projects and warehouses in Baghdad and the 15 central and southern governorates, including 191 visits to observe chlorine supplies. In the north, UNICEF conducted a village-level survey of water projects to assess the impact of the drought.

29. The Food and Agriculture Organization of the United Nations (FAO), while continuing its regular observation activities in the agriculture sector, also undertook three end-user surveys, on the effect of foot-and-mouth disease, on the use of agrochemicals in plant protection and on agro-machinery. In total, FAO carried out 629 observations in the centre and south and 1,673 in the north. In the electricity sector, the United Nations Development Programme (UNDP) undertook a comprehensive review and analysis of the installed and existing electrical generation capacity of power plants and distribution networks in the three northern governorates. UNDP observers carried out 129 visits to more than 60 locations in the 15 central and southern governorates during the reporting period, covering power plants, distribution and transmission substations and warehouses.

30. In education, a long-standing constraint in the observation activities was resolved at the end of June, when the Ministry of Higher Education increased the number of escorts from 4 to 10. Also, the Ministry of Education agreed to provide vehicles for its escorts. In July observers from the United Nations Educational, Scientific and Cultural Organization (UNESCO) were able to visit universities outside Baghdad for the first time. A total of 330 observation visits were conducted by United Nations observers in the education sector.

IV. PROGRAMME IMPLEMENTATION: EFFECTIVENESS, EQUITABILITY AND ADEQUACY

A. Implementation of the programme in the centre and south of Iraq

31. The severe drought and increasingly deteriorating electricity supply in Iraq made the fragile humanitarian situation worse during the reporting period. To facilitate the processing of drought-related applications, the United Nations compiled a list of contracts requiring urgent consideration by the Security Council Committee. This focused on commodities in the agriculture, water and sanitation, electricity and health sectors. In order to assess the extent and effect of the drought, a rapid field assessment survey was conducted in the northern governorates of Dahuk, Erbil and Sulaymaniyah. As at 31 July, however, FAO was still awaiting approval by the Government of Iraq to conduct a country-wide survey on behalf of the United Nations system.

32. During the visit to Iraq by the Executive Director of the Iraq Programme in June, the Government of Iraq agreed to cooperate fully with the United Nations in reviewing the inventory of supplies and equipment in government warehouses in accordance with resolution 986 (1995). The review to be undertaken by the United Nations agencies and programmes concerned will involve preparation of the categories of items together with their respective dollar value. The categories of items, for example, will indicate supplies and equipment that are defective or did not meet quality control standards, lists of items that require complementary items, including parts and equipment awaiting shipment to Iraq or applications for items that have been placed on hold by the Security Council Committee. The list of supplies in storage as buffer stocks will also be prepared. The review exercise will be carried out on an ongoing basis, involving each sector, and will become an integral part of the reporting of the United Nations Office of the Humanitarian Coordinator in Iraq.

Food

33. As at 31 July, foodstuffs and food-handling equipment valued at $3,856 million had arrived in Iraq since the beginning of the programme, of which $3,313 million (85.9 per cent) had been distributed to end-users in the centre and south of the country. A total of $480 million worth of supplies for this sector arrived during the reporting period, and supplies worth $511 million were distributed. The focus of activity in this sector during phase VI is to provide a food basket of 2,150 kilocalories per person per day to every registered individual.

34. The food basket has continued to fall short of the targeted amount of 2,150 kilocalories per person per day. On average, the food basket offered 93 per cent of the targeted caloric value and 85 per cent of the protein value during the reporting period. During the same period, 10 food basket commodities were distributed in full. Protein sources such as pulses and dairy products were the commodities in shortest supply and were distributed below the average distribution plan ration. This was due in part to the late arrival of commodities and also to under-ordering by the Ministry of Trade. Twelve per cent of the food basket contents during the reporting period came from government loans. The Government has no buffer stocks of protein-rich dairy products, and shortfalls in these crucial components continue to reduce the caloric value of the food basket.

35. While applications submitted for the food sector generally have been sufficient to meet the adjusted requirements for the food basket under phases IV and V, insufficient applications for pulses have been received under phase IV and as yet none have been received under phase V, with the exception of transfers from phase IV. Also, insufficient applications for adult milk and cheese have been received for phases IV and V. During phase V, only 57 per cent of the needs for pulses and 54 per cent of the needs for adult milk and cheese were covered; coverage for other food basket items was between 93 per cent and 116 per cent for phase V. As a result, these items remained either absent from or reduced in the monthly food basket throughout the reporting period.

Health and nutrition

36. According to WHO, as at 31 July, medicines, medical supplies and equipment valued at $664.6 million procured under the bulk purchase arrangement had arrived in Iraq since the beginning of the programme, of which supplies worth $422.8 million (63.6 per cent) had been distributed to end-users country-wide. During the reporting period, a total of $58.7 million worth of supplies arrived and $74.1 million worth were distributed. The value of items remaining in warehouses as at 31 July amounted to $241.8 million. The focus of activity in this sector has been to provide a broad range of medicines and medical and dental equipment and to support their distribution.

37. The Government of Iraq suggested in the phase VI distribution plan that the health allocation should be split equally between medicines and medical equipment. This 50:50 ratio was a welcome change from the 60:40 ratio suggested in the distribution plan for phase V, in particular since the Ministry of Health had earlier favoured medical equipment at the expense of essential pharmaceuticals.

38. WHO initiated a comprehensive analysis of stocks at the Kimadia warehouses in Baghdad starting in May. As at 31 July, a total of $386.9 million worth of medicines had arrived in the country. Of that amount $265.8 million worth of drugs were distributed, representing a total distribution rate of 68.8 per cent country-wide. Items valued at $103.6 million (26.7 per cent) represented buffer and working stock. The analysis of medical supplies and equipment stocks revealed that items worth $148 million, or 65 per cent of the total value of $227.9 million were distributed. Fifteen per cent of the remaining stock represented items undergoing quality testing, having failed quality testing or awaiting the arrival of complementary accessories. Initial distribution delays caused by transportation difficulties were partially solved. Regarding stocks for spare parts, $832,708 of a total amount of $1.5 million, or 52 per cent, were distributed. The low rate of distribution of spare parts was attributed to their being stored centrally and to the fact that they are distributed only on a need and demand basis.

39. One of the principal obstacles to the distribution of medicines has been the time required for carrying out quality testing. The four-month delay in testing tuberculosis and diphtheria vaccines ordered for the northern governorates has caused considerable concern during this reporting period. UNICEF, in response, has proposed that vaccines for the northern governorates be procured directly, as they had been in phase I. WHO has provided technical assistance to the quality testing laboratories and has suggested that its assistance has resulted in shortening the average drug testing time from 28 to 23 days.

40. A qualitative assessment of items available at health centres procured under resolution 986 (1995) showed that most of those facilities had received 25 to 33 per cent of the 70 items (including emergency drugs) recommended in the national list for primary health care, compared to 10 per cent one year ago. Most of the remaining items were available from other sources. Some of the items had not yet been delivered and arrivals have been erratic, thus making it impossible to ensure that needs will be met at any given time. At the hospital

level, in-patients were provided with a full course of treatment where drugs were available. However, out-patients in hospitals and in health centres regularly received only three days of treatment, even for drugs that required a minimum of four to five days of treatment. Patients in public clinics and health insurance clinics were provided with three days of treatment. There was a severe shortage of a range of antibiotics in almost all the health facilities. Also in short supply in nearly all the hospitals were narcotic analgesics, corticosteroid injections and medical consumables. There was also an acute shortage of anti-tuberculosis drugs at the end of May, forcing a break in treatment for most tuberculosis patients. WHO, through its regular programme, procured substantial quantities of these drugs, allowing some patients to continue treatment.

41. Drugs for chronic illnesses are priority items under all phases. There is a defined list of items covering 12 therapeutic categories. An analysis of stocks for these drugs available at the Kimadia warehouse as at 30 June, considering the past monthly consumption, indicated that most drugs for chronic diseases would be adequate for at least the next three months.

42. UNICEF conducted a nutritional status survey for weight and height/length at 127 primary health centres throughout the centre and south of Iraq in April, covering 22,599 children under five years of age. A comparison of data from March 1998 indicated that the prevalence of underweight remained almost the same (21.3 per cent in April 1999 versus 22.8 per cent in March 1998), as did the prevalence of wasting (9.3 per cent versus 9.1 per cent). However, there was an apparent reduction in stunting or chronic malnutrition (20.4 per cent compared with 26.7 per cent). Although malnutrition levels remain unacceptably high, it is the first sign of any reduction since the first survey, conducted in April 1997.

43. Under phase IV of the programme (30 May to 23 November 1998), $15 million was allocated for the targeted feeding programme for children under five and lactating mothers. Despite repeated requests made by the United Nations at different levels, as at 31 July, only one application had been received by the Office of the Iraq Programme and approved by the Security Council, for high-protein biscuits, at a value of just under $1.7 million. No application for therapeutic milk has been submitted to the Office of the Iraq Programme. According to UNICEF, high-protein biscuits should begin arriving in Iraq within two months. On 27 July, the Government of Iraq stated that it had contracted phase IV targeted nutrition supplies at the quantities specified in the distribution plan for phase VI, at a cost of $9,481,000 - which was confirmed by UNICEF - and requested the Office of the Iraq Programme to allocate the remainder ($4.6 million) of $15 million set aside for the targeted nutrition programme for new contracts in water and sanitation. The allocations for the targeted feeding programme under phases V and VI are, respectively, $9,481,000 and $6,160,000.

Water and sanitation

44. As at 31 July, supplies for the water and sanitation sector valued at $72 million had arrived in Iraq since the start of the programme, of which $58.2 million (82 per cent) had been distributed from central warehouses and

$38.8 million (55 per cent) had been installed at sites or delivered to end-users. A total of $12.1 million worth of supplies for this sector arrived during the reporting period, and supplies worth $12.4 million were installed or delivered. The focus of activity in this sector has been to improve the quantity and quality of water in urban areas by maintaining existing treatment sites and by providing limited inputs for operating urban sewage networks. In rural areas, the focus of activity has been to increase the provision of treated water through the installation of compact units for smaller-scale water treatment and provision of water tankers.

45. The distribution of water and sanitation supplies from the central warehouse to the treatment plants continues to be slow. The Baghdad Water and Sewage Authority, handling supplies for Baghdad City, has distributed 41 per cent of supplies arrived in the country to the treatment plants. The General Establishment for Water and Sewage, serving the rest of the country, has distributed 62 per cent of supplies arrived in the country to treatment plants. Large quantities of essential materials remain in storage. The main explanation is the substantial decline in staff with sufficient skills to verify, transport and use the inputs ordered. The distribution rates are unlikely to improve without a programme of in-service training.

46. The water production level at plants receiving programme inputs increased by some 10 to 15 per cent. At the beneficiary level, it is difficult to quantify progress in water coverage owing to deteriorating networks, long power outages and population growth. The Baghdad Water and Sewage Authority and the General Establishment for Water and Sewage ordered and received a total of 51 generators to maintain uninterrupted operations at various plants. Of the 20 generators that had arrived for the Baghdad Water and Sewage Authority, two were undergoing quality testing. Of the 31 generators that had arrived for the General Establishment for Water and Sewage, all had been distributed but only 16 had been installed. A total of 34 of the 46 water tankers ordered had arrived in the country, of which 1 was received damaged. The remaining 33 were distributed. All 50 compact water treatment units ordered had arrived in the country, including 30 units received recently and 10 units that had been received partially without complementary parts. Ten units were distributed.

47. As a result of the drought, the water treatment plants were experiencing difficulties in pumping raw water at intake sites owing to lowered water levels in rivers (1.5 to 2.0 metres, as estimated by the Ministry of Agriculture and FAO). This effect was more severe in rural than in urban areas. The levels of water contamination caused by the release of raw sewage were on the increase.

48. The Baghdad Water and Sewage Authority and the General Establishment for Water and Sewage received 2,050 and 5,250 tons of chlorine respectively during the reporting period. Of these, 79 per cent was utilized by the Baghdad Water and Sewage Authority and 59 per cent was utilized by the General Establishment for Water and Sewage. According to the limited data made available from the Ministry of Health during the reporting period, failed samples for bacteriological analysis and chlorine tests in the first quarter of 1999 were 5 and 8 per cent respectively. Comparative figures for 1998 were 13 and 20 per cent each. Although there was an overall improvement in water quality, improvement was yet to be seen in some of the governorates. In response to the

prevalence of diarrhoeal diseases, the affected governorates have increased the dose level for water chlorination. Surveillance activities by the Ministry of Health have increased.

Agriculture

49. As at 31 July, supplies for the agriculture sector valued at $176.5 million had arrived in Iraq since the start of the programme, of which $101.6 million (57.6 per cent) had been installed at sites or delivered to end-users. During the reporting period a total of $47.8 million worth of supplies arrived for this sector, and supplies worth $49.6 million were installed or delivered. The focus of activity in this sector has been to provide agricultural and irrigation machinery and equipment, ground-spraying chemicals, animal vaccines and poultry production inputs, and to rehabilitate poultry production facilities.

50. The distribution of agricultural inputs has varied depending on the subsector. Within the irrigation subsector, 86 per cent of supplies have been utilized; 57 per cent of animal health inputs, such as animal vaccines, have been utilized, and this improvement over the previous reporting period is probably because of the sense of urgency in treating animals afflicted with foot-and-mouth disease. Only 40 per cent of plant protection equipment and chemicals have been delivered to the users. Nineteen per cent of spare parts and 57 per cent of agro-machinery have been distributed to end-users. Significant quantities of agro-machinery equipment and spares have reached governorate warehouses, indicating that transportation is not the problem. Farmers are reluctant to procure agro-machinery mainly because of the lengthy procedures required by local agricultural authorities for purchasing supplies provided for under resolution 986 (1995). More importantly, the portion of the price they are required to pay is deemed too high by farmers. These concerns have been brought to the Government's attention by the United Nations. The Ministry of Agriculture has now accepted the need to lower the prices of agro-machinery inputs.

51. Among other consequences of the drought, FAO reported a reduction in the production of wheat and barley in the 1997/98 season from 708,669 and 675,692 tons respectively to 331,100 and 188,548 tons (47 and 28 per cent respectively). Future reductions in irrigated summer crops as well as in orchard productivity were anticipated. Moreover, reductions in areas cultivated for rice and maize were reported to be between 70 and 80 per cent. FAO also reported a decrease in the available forage base, including agricultural by-products, barley grain and natural range, resulting in the deterioration of animal health and an increase in the vulnerability of livestock to diseases.

52. The distribution of irrigation inputs had a positive impact on drought relief efforts. The inputs were used to replace the aged and worn-out components of equipment at irrigation and drainage pumping stations. The delivered inputs covered 25 per cent of the total requirements of pumping units and electrical motors. FAO had proposed a speedy approval and release of contracts on hold related to drought inputs under phase V. All those contracts except one were approved by the Security Council Committee.

53. According to the Government of Iraq, by the end of July, foot-and-mouth disease had infected 2,594,054 sheep and goats and 154,060 cattle, of which 408,516 sheep and goats (16 per cent) and 19,531 head of cattle (13 per cent) had died as a result. In order to keep the spread of foot-and-mouth disease in check, a country-wide vaccination campaign was launched on 9 June. All of the 1.5 million doses procured for cattle under the programme were delivered and used. Under phase V an additional 18 million doses were procured for sheep and cattle, while under phase VI an additional 1 million doses will be procured for cattle. Although programme inputs have contributed positively to the progress of the campaign, a shortage of vaccines needed to provide booster doses to 26 per cent of the primed cattle persists.

54. Frequent electricity outages and delayed approvals and arrivals of generators and poultry farm rehabilitation equipment were the main constraining factors in the poultry production subsector. The cumulative value of commodities received in this subsector stood at $27,620,094 as at 31 July, of which items worth $18,408,079 were distributed to end-users. The bulk of remaining stock, consisting of poultry feed, was available for distribution on a regular basis in accordance with different production cycle requirements. According to FAO, 4.4 tons of meat and 2,687,000 eggs were produced during the reporting period, with inputs provided under resolution 986 (1995).

Electricity

55. As at 31 July, electrical equipment valued at $139.7 million had arrived in Iraq since the beginning of the programme, 95 per cent ($132.8 million) of which had been distributed to installation sites in the centre and south of the country. A total of $24.9 million worth of supplies for this sector arrived during the reporting period, and supplies worth $29.8 million were distributed to installation sites. The focus of activity in this sector has been the delivery of equipment to 21 power plants and to the four maintenance departments for each of the electricity distribution authorities, with the objective of slowing the deterioration of the system by meeting emergency requirements.

56. The total installed generation capacity in the centre and south of Iraq is 8,475 megawatts. Currently, an average of only 30 to 40 per cent is available, affecting all consumers. The first stage of the rehabilitation of the Nassiriya power station added 360 megawatts to the national grid. The output of the Baiji power station was increased from 400 megawatts in March to 550 megawatts in July, adding 150 megawatts to the grid. The anticipated construction of six new units at the Mulla Abdul gas power station is expected to add 225 megawatts to the grid by February 2000. Daily power cuts reached 12 to 16 hours a day in most of the 15 governorates, with the exception of the Baghdad governorate, where power cuts lasted from six to nine hours per day. Low rainfall in 1998/99 has seriously affected the generation capacity of hydropower plants and, to some extent, thermal and gas units. During the summer of 1999, the average amount of electricity generated by hydropower plants dropped by nearly 50 per cent of the 1998 generation capacity and presently represents only 26 per cent of the total installed capacity. The drought also affected thermal power plants, as the boiler, condenser cooling and cooling of other equipment need considerable amounts of treated water.

57. Several national staff casualties occurred as a result of the lack of safety material. There were 19 accidents during the reporting period, of which 9 were fatal. The allocation related to safety equipment in phase V was 100 per cent contracted, at $2,256,343, of which contracts worth $1,555,156 have been approved and contracts worth $696,080 have been placed on hold. No equipment has yet arrived in the country.

Education

58. As at 31 July, education supplies valued at $37.8 million had arrived in Iraq since the start of the programme, of which an amount worth $18.6 million (49.2 per cent) had been distributed. During the reporting period, a total of $4.8 million worth of supplies arrived for this sector, and supplies worth $1.7 million were distributed. The focus of activity in this sector has been to provide materials for the rehabilitation of schools and the Ministry of Education printing press, to produce classroom furniture and to provide stationery, physical education supplies, teaching aids and equipment, furniture, books and sports equipment.

59. An analysis based on information collected from schools indicated that school rehabilitation remained a priority and was constrained by the lack of local funding for labour and in-country components. Also, despite the distribution of 83,907 assembled, ready-made desks and 6,570 locally produced desks over the last three months, the supply remained acutely inadequate. However, the immediate need for chalkboards had been met.

60. Facilities for the transportation and installation of educational materials were insufficient. Movement of supplies to schools and their installation varied with the governorates' policies on the delivery and collection of supplies. Thus, despite the delivery of many commodities to governorates close to the end of the school year, their movement to the beneficiary schools depends on the ability of the schools to arrange collection. Delivery of trucks by September 1999 could ease these transportation difficulties.

Improving telecommunications support for the humanitarian programme

61. As indicated in my previous report (S/1999/573), the revised part seven of the distribution plan for phase V, concerning telecommunications, was approved on 13 May 1999 (S/1999/559). As at 31 July six applications, valued at $93.2 million, had been received for the telecommunications sector. Four of those applications, worth $61.5 million, have been placed on hold. The Secretariat has advised the permanent missions concerned on the action required to finalize the two remaining applications, worth $31.7 million.

B. Implementation of the programme in Dahuk, Erbil and Sulaymaniyah

Food

62. As at 31 July, foodstuffs valued at $501.6 million had been distributed to the northern governorates of Dahuk, Erbil and Sulaymaniyah under the bulk

purchase agreement with the Government of Iraq since the start of the programme. A total of $78.5 million worth of foodstuffs for this sector was distributed during the reporting period. The focus of activity, as in the centre and south, is to provide a food basket of 2,150 kilocalories per person per day to every registered individual.

63. Concern about the issue of food quality control was voiced by the local authorities. The United Nations has pointed out to local authorities that of the 1.3 million tons of food distributed to the three northern governorates since the implementation of the humanitarian programme, less than 1,000 tons - less than 0.08 per cent - has comprised losses or damaged commodities. This is significantly below the internationally accepted norm for loss of up to 2 per cent. It was also pointed out that WFP had given standing instructions to all sub-offices in the north to replace immediately any food found to be damaged or of sub-standard quality.

64. WFP has proposed a draft protocol between WFP and the Government on procedures, rules and regulations regarding the receipt of food in transit warehouses at Mosul and Kirkuk. While the Ministry of Trade wishes to abstain from a formal endorsement of procedures, it agreed to provide to WFP comprehensive laboratory analyses and a health certificate on the suitability of commodities for human consumption upon delivery in Mosul and Kirkuk or immediately thereafter. This would also apply to government food-stock loans. The results of laboratory tests carried out by the Ministry are in general binding for WFP; however, WFP reserves the right to conduct a third-party quality analysis in case of a dispute.

65. To secure the timely and equitable distribution of the food ration country-wide, the Government also agreed to ensure that the full allocation is available in WFP warehouses prior to announcing the monthly food basket composition. Moreover, WFP and the Ministry agreed that the Ministry should include stocks at WFP warehouses in its weekly work plans. WFP will be informing the Ministry about its stocks on a weekly basis.

66. As a result of delayed deliveries of some commodities, 41 per cent of the food agents on average did not receive complete rations within a given month. This was mainly attributed to the late supply of pulses and soap in May and the non-supply of pulses in June, combined with the non-replacement of poor-quality rice. Consequently, only 48 per cent of food basket commodities were distributed on time during the reporting period.

Health and nutrition

67. As at 31 July, medical equipment valued at $25 million had arrived in the three northern governorates, of which $23.2 million (92.7 per cent) had been distributed since the start of the programme. As at 31 July, of the medicines purchased in bulk and allocated under the first five phases, an amount of $36.8 million had been received. Nutrition supplies valued at $23.7 million had arrived in the three northern governorates since the start of the programme, of which $20.5 million (86.8 per cent) had been distributed. The focus of activity in this sector has been to maintain a reliable flow of medicine and medical

equipment as well as to provide therapeutic milk and high-protein biscuits to malnourished children, pregnant women and lactating mothers.

68. A WHO analysis of available stocks of some important therapeutic categories indicated that the supply of anti-hypertensive and other drugs for the treatment of related heart conditions was sufficient to last between two and three months. The quantity of available anti-cancer drugs was sufficient for a 12-month period. However, because over 90 per cent of those drugs were supplied under phase I on the 13 per cent basis rather than on the basis of actual need, they now need to be utilized within six months. WHO is holding discussions with Kimadia on the possibility of having the anti-cancer drugs that are approaching their expiry date transferred to the centre and south of Iraq for more immediate redistribution. An average of 70 per cent of all registered patients received a full course of treatment. Detailed discussions were held with the local authorities on the supply of drugs to private pharmacies in order to formulate a unified operational approach similar to that in effect in the centre and south.

69. In June, WFP reviewed the current nutrition programme in the three northern governorates and made an initial assessment of the viability of alternative programmes to support food security at the household level. Recommendations are expected to be finalized shortly.

70. Results from the UNICEF nutritional status survey conducted in June showed that the prevalence of underweight had increased to 14.7 per cent from 13.6 per cent in November 1998. Acute malnutrition had doubled, from 1.7 per cent to 3.4 per cent, while chronic malnutrition during the same period had dropped from 24.3 per cent to 18.9 per cent. The rise in acute malnutrition could be related to the fact that the survey was conducted in the summer, when diarrhoea is more prevalent and serious. During the reporting period 16,124 kilogrammes of therapeutic milk and 65,738 kilogrammes of high-protein biscuits were distributed to 27,509 malnourished children. In the same period vitamin A capsules were distributed to 24,453 lactating mothers and 20,056 children. In view of the previous findings on positive nutrition trends, WFP and UNICEF agreed, in collaboration with the local authorities, to expand the scope of the nutrition programme to include also chronically malnourished children. This would increase the caseload from some 154,000 beneficiaries in May to 183,000 in July.

71. UNICEF assisted in the transportation of vaccines procured by the Government under phase III for the following: 315,000 doses of diphtheria, 36,000 doses of measles, 500,000 doses of tetanus toxoid and 29,780 doses of hepatitis B vaccine. It provided from its regular programme 42,000 doses of tuberculosis vaccine, 315 doses of polio vaccine and 50,000 syringes to address shortages. However, this did not lead to an increase in immunization coverage owing to inadequate amounts of available vaccines and late deliveries in addition to a shortage of syringes. In May and June, there were no tuberculosis vaccine stocks or syringes, resulting in a considerable drop in immunization coverage. In mid-July, 72,000 doses of tuberculosis vaccine were delivered out of a total of 128,000; the remaining doses were to be released following quality control tests. Since the end of May, 741 cases of measles, 522 cases of tuberculosis, 26 cases of whooping cough and 12 cases of polio were reported. Nineteen immunization centres have been established in the past three months.

Water and sanitation

72. As at 31 July, supplies for the water and sanitation sector valued at $52.4 million had arrived in the three northern governorates since the start of the programme, of which an amount worth $46.5 million (88.7 per cent) had been installed at sites or delivered to end-users. During the reporting period a total of $3.5 million worth of supplies for this sector arrived, and supplies worth $6.7 million were installed or delivered. The focus of activity in this sector has been to improve the quantity and quality of water in urban areas through the regular maintenance of existing treatment sites and pipe networks and through the introduction of new facilities in rural areas for improving sanitation and access to clean water. WHO, in collaboration with UNICEF, monitors levels of water contamination.

73. UNICEF conducted a survey of water projects covering all villages in the northern governorates of Dahuk, Arbil and Sulaymaniyah, which identified 351 villages requiring water to be supplied through tankers, 638 villages requiring rehabilitation to improve water supply systems and 172 bore wells in various locations to increase the sources of safe drinking water. A total of 200 water tankers were hired to shuttle 2 million litres of safe drinking water to 60,000 people daily.

74. Sixty-one water pumps have been replaced in the past three months. Repairs and extensions of over 194 kilometres of pipes were completed, including 44 kilometres during the same period. A total of 38 generators and/or transformers were installed as back-up power supply for pumping stations. In addition 145 pump and chlorinator houses were repaired and rehabilitated, benefiting more than 500,000 people, and eight stores and water treatment plants were renovated. UNICEF completed 438 of the planned 780 rural water projects under phases I to III, which increased safe water coverage from 60 to 75 per cent for the rural population, with 50 litres per capita. In rural areas, 2,873 household and 62 community latrines of the planned 5,273 household and 75 community latrines were completed. A total of 22 sanitation vehicles were supplied during the reporting period. This additional sanitation fleet has strengthened the capacity of the local authorities to handle 620 tons of solid and liquid waste a day. A total of 7.77 kilometres of sewage channels were constructed during this period.

75. Out of 414 chlorinators, 363 were installed at water production sites, serving nearly 800,000 people in urban and semi-urban areas. Their installation increased the monthly use of chlorine to 35 tons. A total of 380 tons of chlorine and 1,120 tons of alum sulphate were provided to improve water quality. A stock balance of 252 tons of chlorine remained at the water authority warehouse. WHO reported that the proportion of contaminated water samples collected from April to June 1999 in urban areas dropped to 13 per cent from 28 per cent during the same period in 1998. However, according to a recent report from UNICEF, it was observed that in June the incidence of bacteriological contamination was estimated at 28 per cent and 37 per cent of tested samples for urban and semi-urban areas respectively. This corresponds to the high incidence of water-borne diseases reported, such as typhoid. As at 31 July, 10 WHO applications for water quality monitoring items were on hold.

Agriculture

76. As at 31 July, agricultural supplies valued at $81.4 million had arrived since the start of the programme, of which an amount worth $66.2 million (81.3 per cent) had been installed at sites or delivered to end-users. A total of $6.4 million worth of supplies for this sector arrived during the reporting period, and supplies worth $6.8 million were installed or delivered. The focus of activity has been to provide a range of agricultural inputs, including spare parts and machinery, pumps, seeds and fertilizers, to conduct plant protection and animal health campaigns, to implement an afforestation programme, to rehabilitate poultry production facilities and to revive the agricultural service infrastructure.

77. The effects of the drought on cereal production have been as severe in the three northern governorates as in the centre and south. The cultivated areas and yields for wheat and barley decreased by 16 and 68 per cent respectively. Retail prices for wheat increased by 3.2 per cent and for barley by 42.6 per cent. The scarcity of animal fodder forced price increases for straw and hay from $5.20 to $42.40 per hectare and from $10.60 to $53 per ton, respectively. The migration of animals to mountainous areas increased from the seasonal average of 30 per cent to the current 75 per cent. This, combined with the influx of over 1 million head of cattle to the Dahuk and Erbil governorates from the centre and south, is causing serious concern, especially with regard to long-term environmental consequences. FAO has taken a number of remedial measures to address some of the effects of the drought. It is also preparing a mechanism for the procurement of local wheat and barley seeds for distribution to farmers most affected by the drought.

78. The spread of foot-and-mouth disease was sporadic in the north in comparison with the centre and south. However, the incidence of infection continued to increase during the reporting period. Two thousand doses of foot-and-mouth disease vaccine under phase IV were received, allowing the vaccination of about half a million sheep and goats and 24,000 head of cattle in 843 villages, benefiting 7,000 farmers. However, those amounts were inadequate for the full control of the disease in view of the considerable influx of livestock from centre and south. According to FAO, to control the outbreak 4.5 million doses of vaccine for sheep and goats and 420,000 doses for cattle are required.

Electricity

79. As at 31 July, electrical equipment valued at $26 million had arrived in the three northern governorates since the start of the programme, of which an amount worth $19.6 million (75.3 per cent) had been distributed to installation sites. Also, contractual services worth $3.9 million have been provided. During the reporting period a total of $2 million worth of supplies arrived for this sector, and supplies worth $1.8 million were distributed or installed. The focus of activity has been to arrest the deterioration in the distribution and transmission networks, as well as to rehabilitate the two hydropower plants at the Dokan and Derbandikhan dams and emergency power generation for Erbil township.

80. Record low water levels at the Dokan and Derbandikhan dams have reduced power generation to 42 and 25 per cent of the annual average respectively. The Dahuk governorate, which is connected to the national grid, received less than 20 per cent of actual demand. In the Erbil and Sulaymaniyah governorates, four to six amperes of electricity have been available to consumers for four to five hours a day, while in Dahuk supply has been limited at times to two hours a day.

81. As immediate relief from the shortage of electricity due to the drought, 224 diesel generators with a total combined capacity of 15.6 megawatts are expected to arrive in September 1999. These will be installed in each governorate to provide power for essential services. Three 20-megawatt diesel power plants will be constructed in each of the three governorates to cover basic services. In addition to assurances provided in the phase V and VI distribution plans, further guarantees have been sought from the Government to provide an uninterrupted flow of the required quantity of fuel for those plants.

Education

82. As at 31 July, education supplies valued at $31.8 million had arrived in the three northern governorates since the start of the programme, of which an amount worth $25.4 million (63.6 per cent) was delivered to schools and printing presses. A total of $2.4 million worth of supplies for this sector arrived during the reporting period, and supplies and funds worth $5.9 million were delivered or disbursed. The focus of activity has been the rehabilitation of primary and secondary schools, the building of a limited number of new schools and the provision of desks and other educational supplies, support for teacher training centres, assistance to expanding printing press facilities and support for tertiary education.

83. Most warehouse stocks of education supplies were distributed before the end of the school year in June, and the balance will be delivered during the new school year, which commences in September. UNICEF has rehabilitated a total of 179 schools and institutions since the start of the programme, of which 32 were completed during the period under review. UNESCO rehabilitated or constructed a total of 134 schools, of which 41 were completed during the same period. The United Nations Centre for Human Settlements (Habitat) completed work on 48 schools. The increase in enrolment observed in the previous period continued during the reporting period. According to local authorities, enrolment rates in some schools have increased by 20 per cent. The first-grade enrolment figure for the 1999-2000 school year is estimated at 134,407 pupils.

Rehabilitation of settlements

84. As at 31 July, supplies and funds for the settlement rehabilitation sector valued at $44.4 million had arrived in the three northern governorates, of which $28.2 million (63.6 per cent) were utilized or disbursed. A total of $2.4 million worth of supplies for this sector arrived during the reporting period, and supplies and funds worth $5.9 million were utilized or disbursed. The focus of activity has been to rehabilitate housing, infrastructure and community services in urban, semi-urban and rural areas to encourage the voluntary or assisted return of internally displaced persons and to enable them to settle on a permanent basis.

85. During the reporting period completed projects included 48 schools, 10 health clinics, 12 road projects, 1 bridge, 861 housing units and 59 other services. In collective towns and urban areas, Habitat has initiated 50 water distribution projects benefiting 650,000 inhabitants and 35 sewage channels that have improved the living conditions of approximately 355,000 people. Ten thousand internally displaced persons without the means of returning to their place of origin have been provided with housing units in semi-urban areas.

86. Within the framework of phases V and VI, a special focus is being given to complement present and past projects through the provision of income-generating activities, strengthened community participation and increased service support at the district level, in order to ensure a continued impact of the programme. The main composition of programme categories is 25 per cent for rural village resettlement, 35 per cent for infrastructure rehabilitation of rural communities and district and sub-district growth centres, 30 per cent for rehabilitation of collective towns and urban/semi-urban areas and 10 per cent to direct housing and service provision for internally displaced persons in new locations.

Mine clearance

87. As at 31 July, supplies and funds for the mine clearance programme valued at $18.7 million had arrived or been contracted for in the three northern governorates since the start of the programme, of which $12.5 million has been utilized or distributed. The focus of activity has been to identify minefields; train local deminers, field survey teams and prosthetic centre staff; carry out mine-clearing operations; and provide support to mine victims.

88. The United Nations Office for Project Services reported a large reduction in minefield clearance costs, from $19 per square metre to $3, during the period under review, as well as an increase in the rate of clearance owing to greater staff experience and better use of dog teams. The latter has helped to achieve a considerable reduction in the resources needed for the identification and clearance of minefield areas. Since the start of the programme, 11 of the 19 demining teams have been localized.

89. During the reporting period, level-one survey teams, responsible for identifying mined areas, surveyed 148,657,125 square metres of minefields out of the cumulative total of 301,999,294 square metres since the start of the programme. In total, some 58 per cent of the region has now been surveyed. Level-two survey teams, responsible for marking and mapping minefields, surveyed 124,779 square metres of minefields out of the cumulative total of 1,152,998 square metres. Some 575 new minefields were found during the same period, bringing the total number of new minefields found since the beginning of the programme to 2,662. In addition, 480,779 square metres of land was cleared of mines and returned to civilian use from the cumulative total of 1,239,248 square metres since the start of the programme. Some 155 mine victims were fitted with new prostheses, 518 were provided with physiotherapy treatment, 132 received prosthesis maintenance and 72 received walking aids. A third prosthetics centre was established at Dahuk. Much-needed focal points have now been established within the local administrative structures to act as operational counterparts of the United Nations Office for Project Services.

90. During the last 90 days, two minefields have been completely cleared and formally handed back to the owners, bringing the total to 10 since the start of the programme. These minefields had denied access to prime agricultural land previously used for cultivation and grazing. Typically, the use of areas around minefields - generally 10 to 20 per cent of the total minefield area - is also denied because of fear and suspicions among the population regarding the existence of mines. Inhabitants of 21 villages now have a safer environment and benefit economically owing to their ability to use the property and the elimination of animal loss due to mines. In addition, since three of the minefields cleared are located close to popular recreational sites, the benefits of mine clearance have been extended beyond the local inhabitants. During the reporting period, the Office for Project Services also cleared access roads to benefit six villages, including one that Habitat is now restoring, as well as destroying large quantities of unexploded ordnance located close to a refugee camp and two villages. Over the period covered by the programme, the Office for Project Services has also provided safe access for UNDP to about 80 kilometres of power lines for repair.

V. OBSERVATIONS AND CONCLUSIONS

91. In resolution 1153 (1998), the Security Council endorsed the recommendations contained in my supplementary report (S/1998/90) and authorized a revenue target of up to $5.256 billion during a given period of 180 days which, after deductions pursuant to paragraph 8 of resolution 986 (1995), would provide $3.436 billion required for the implementation of the enhanced humanitarian programme. It may be recalled that at the time I made those recommendations I had not included the $300 million authorized subsequently by the Council in resolution 1175 (1998) for the purchase of oil spare parts and equipment.

92. The revenue targets for phases IV and V of the humanitarian programme, however, could not be achieved because of the substantial fall in oil prices and, accordingly, the enhanced humanitarian programme as endorsed by the Council could not be fully implemented. During phases IV and V, the total revenues available for the implementation of the humanitarian programme, after deductions pursuant to paragraph 8 of resolution 986 (1995) and deductions for the purchase of oil spare parts and equipment as well as for pipeline fees, were $1.651 and $2.198 billion, respectively. Accordingly, there was indeed a shortfall of $3.1 billion in the total revenues authorized for the humanitarian programme under phases IV and V.

93. It is therefore necessary to bear those factors in mind in welcoming the current positive developments with regard to the increased revenues available to the programme during the present phase. By the end of the current 180-day period (21 November 1999), if oil prices remain at the present level, the total revenue projected for the whole 180-day period would exceed the target of $5.256 billion authorized in resolution 1242 (1999) and would reach $6.3 billion which, after all the necessary deductions mentioned above, would make $3.97 billion available for the implementation of the humanitarian programme.

94. The current distribution plan, which was approved on 11 June 1999 is budgeted at $3.004 billion, including $300 million for oil spare parts and equipment (see S/1999/671). Accordingly, in anticipation of the Council's review of this matter pursuant to resolution 1242 (1999), the Government of Iraq has been invited to submit, taking into account the sectoral priorities set forth by the Council in resolution 1153 (1995) and successive resolutions, proposals for the utilization of the additional revenue for my consideration and recommendations thereon to the Council. It may be recalled that the Government of Iraq had already indicated in the distribution plan for phase VI that if oil revenues generated during phase VI were likely to exceed the total of the $3.004 billion required for the implementation of the approved distribution plan, the Government intended to enter into additional contracts for spare parts and equipment up to the value of $300 million (S/1999/671, annex II, enclosure). Any additional amount requested for the purchase of oil spare parts and equipment would require authorization by the Council.

95. In my letter dated 2 July 1999 to the President of the Security Council (S/1999/746 and Add.1), I provided the latest information on the current status of Iraq's oil industry, which continues to be in a lamentable state, despite the current increased production and export of oil. I should like to point out that the total value of applications placed on hold ($83.1 million) under phase V exceeds the total value of applications approved ($77.1 million). I therefore wish to reiterate my appeal to the Council to request the Security Council Committee to proceed expeditiously in its consideration and approval of applications for oil spare parts and equipment submitted under phases IV, V and VI, and to review further all applications placed on hold.

96. I should like to appeal to the Security Council to resolve the difficulties encountered with regard to the appointment of additional oil overseers. I should also like to appeal to the members of the Security Council Committee to reach an agreement on the proposal submitted by the Office of the Iraq Programme, on 11 February 1999, to address the difficulties created by the existing system of reimbursement from the ESC (13 per cent) account to the ESB (53 per cent) account. In terms of the amounts to be reimbursed for food only, as at 31 July 1999, pending delivery of the supplies to WFP for the three governorates in the north, $157 million had not been transferred from the 13 per cent account to the 53 per cent account under phases II to V.

97. I should like to request the Government of Iraq to take urgently all necessary measures to ensure a safe working environment at the Mina al-Bakr oil-loading platform.

98. Both the drought and the foot-and-mouth epidemic have weighed heavily on Iraq during the reporting period. I am satisfied that the measures taken by the United Nations agencies and programmes, particularly the allocation of $120 million for specific drought relief measures, will help alleviate the worst effects in the three northern governorates despite the influx of livestock from the centre and south of Iraq which has exacerbated the situation there. I regret that the relatively limited measures taken by the Government of Iraq to combat these challenges in the 15 governorates have been further hampered by the holds placed on several drought-related applications by members of the Security Council Committee. I therefore appeal to the Security Council Committee to

review further the drought-related applications placed on hold and expedite their approval. I also recommend to the Government of Iraq to approve the proposal by FAO to conduct a rapid country-wide field assessment survey of the effects of the drought.

99. I welcome the initiatives taken by WFP and the Government of Iraq to ensure a mechanism for more timely and equitable distribution of food to the three northern governorates. While the Government's commitment to documenting food quality addresses one aspect of the problem, the more fundamental issue of the quality of the food basket can be resolved only when the Government takes effective steps to procure better quality commodities through more reliable and reputable contractors. It is recommended that a similar effort be made by the Government in the selection of all its contractors.

100. I welcome the Government's agreement to cooperate fully with the United Nations in reviewing the inventory of supplies and equipment in government warehouses, provided under resolution 986 (1995). I also welcome the Government's positive response to the request made by the United Nations to increase the number of escorts and vehicles provided for observation activities in the education sector. This will significantly improve the ability of the United Nations to observe the utilization of inputs imported under the programme.

101. There has been a significant increase in the number of holds being placed on applications, with serious implications for the implementation of the humanitarian programme. As at 13 August 1999, the total number of applications circulated under phases I to VI that have been placed on hold is 475, valued at a total amount of about $500 million. It is recommended that an all-out effort be made to review further all the holds concerned and expedite the approval of applications in order to ensure the timely and effective implementation of the programme. The Office of the Iraq Programme will continue to assist the Security Council Committee and provide any additional information required by the Committee.

102. Notwithstanding the fact that resolution 986 (1995) was never intended to meet all the humanitarian needs of the Iraqi people, I remain confident that the programme continues to provide essential support in the current situation. Since the start of the programme, Iraq has received more than 11 million tons of food worth about $3.8 billion, with over $600 million worth of supplies on the way. Overall, the Government has distributed these supplies efficiently to registered beneficiaries. Medical supplies and equipment valued at about $665 million have arrived to support the public health care system, and about $200 million worth of additional supplies and equipment are expected to arrive soon. The water and sanitation sector has received inputs worth about $72 million, with over $75 million on order. In agriculture, supplies and equipment worth more than $176 million have arrived, with about $176 million worth of additional supplies expected to arrive soon.

103. I wish to reiterate my continuing concern for the suffering of the Iraqi people, including the high level of child and maternal mortality throughout the country, as reflected in the recent child and maternal mortality survey (July 1999) conducted by UNICEF and the Government of Iraq. I remain convinced

that more can be done under resolution 986 (1995) to address the unacceptably high levels of child and maternal mortality, particularly in the south and centre of Iraq, through expedited implementation of targeted nutrition programmes and expeditious approval by the Security Council Committee of applications in water and sanitation and other key sectors such as health, which have a direct bearing on the unacceptably high malnutrition levels. I fully support the recommendation of UNICEF that the Government of Iraq and the Security Council Committee should give priority to contracts for supplies that will have a direct impact on the well-being of children. I therefore wish to reiterate my request, as also recommended by UNICEF, that the Government of Iraq should urgently expedite the implementation of the targeted nutrition programmes in the 15 governorates in the centre and south of Iraq, provided for in distribution plans IV, V and VI, by contracting the supplies necessary for the implementation of the programmes. In the light of the findings of the above-mentioned survey, I also recommend to the Government of Iraq to increase the funding level for such programmes so as to bring about expeditiously the improvements in the nutritional status of children. Targeted nutrition programmes are being implemented by the United Nations in the three northern governorates. Together with other inputs into such sectors as health and water and sanitation, the targeted feeding programmes are having a considerable effect on the nutritional status of children in the north and have helped to bring about a notable decline in acute malnutrition, thus lowering infant mortality rates.

104. In a humanitarian programme of such magnitude and complexity, there will inevitably be a range of policy and operational difficulties. Few of them are the sole responsibility of any one party to resolve. I therefore appeal to all concerned to fulfil their mutual obligations in the management of a programme whose success is so vital to the well-being of the Iraqi people.

Annex I

Status of the United Nations accounts pertaining to the Iraq Programme

1. As at 31 July 1999, of the $5.2 billion authorized under resolution 1242 (1999), $897.1 million had been deposited into the account for phase VI, bringing the total oil sale since inception to $14,230.9 million.

2. The allocation of total oil proceeds received from inception to date and the corresponding expenditures are as follows:

(a) $7,169.4 million has been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of resolution 986 (1995). Also, $158.3 million of interest earned in this account was utilized for the purchase of humanitarian supplies in the central and southern governorates of Iraq. In addition, an amount of $349.5 million was due for the reimbursement for bulk purchases made by the Government of Iraq for northern Iraq and distributed by the United Nations Inter-Agency Humanitarian Programme. Letters of credit issued by the Banque nationale de Paris on behalf of the United Nations for the payment of those supplies for the whole of Iraq amounted to $6,639.6 million under phases I to VI;

(b) $1,748.8 million has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of Security Council resolution 986 (1995) and revised in paragraph 2 of Council resolution 1153 (1998). Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $1,023.1 million;

(c) $4,266.3 million has been transferred directly into the United Nations Compensation Fund, as specified in paragraph 8 (c) of resolution 986 (1995). As at 31 July a total of $125.4 million had been allotted to cover the operating expenditures of the Compensation Commission and an amount of $3,739.8 million had been allotted for payment of instalments of "A" and "C" claims;

(d) $298.0 million has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $195.9 million;

(e) $101.0 million has been allocated to the United Nations Special Commission for the disarmament of Iraq for its operating expenses, as specified in paragraph 8 (e) of resolution 986 (1995). Expenditures for the Commission amounted to $59.7 million;

(f) $537.9 million has been set aside for the costs of transporting petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of resolution 986 (1995) and in line with procedures adopted by the Security

Council Committee. Of that amount, $470.4 million has been paid to the Government of Turkey;

(g) $109.5 million has been transferred directly to the escrow account established pursuant to resolutions 706 (1991) of 15 August 1991 and 712 (1991) of 19 September 1991 for the repayments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992, as specified in paragraph 8 (g) of resolution 986 (1995) and subsequently in paragraph 34 of my report dated 25 November 1996 (S/1996/978). The total of repayments amounted to $99.5 million.

Annex II

Oil proceeds and humanitarian supply letters of credit as at 31 July 1999

Oil proceeds

		Letters of credit	
Phase	Last deposit	Number	Value (United States dollars)
I	27 June 1998	123	2 149 806 395.99
II	2 January 1998	130	2 124 569 788.26
III	30 June 1998	186	2 085 326 345.25
IV	28 December 1998	280	3 027 147 422.35
V	25 June 1999	333	3 947 022 565.12
VI (current)	As at 31 July 1999	136	897 053 595.89
Total		1 188	14 230 926 112.86

Humanitarian supply letters of credit for ESB (53 per cent) account and bulk procurement

	Letters of credit opened		
Phase	Number	Value (United States dollars)	Bank payments made on delivery (United States dollars)
I	867	1 229 078 786.69	1 210 185 162.90
II	531	1 197 759 389.19	1 154 365 486.45
III	667	1 208 369 642.37	1 088 259 894.41
IV Humanitarian supplies	652	1 470 309 252.55	1 070 955 720.99
Oil spare parts	422	242 072 384.13	57 470 642.66
V Humanitarian supplies	616	1 241 538 346.75	293 631 771.20
Oil spare parts	154	50 445 485.52	-
VI (current)	-	-	-
Total	3 909	6 639 573 287.20	4 874 868 678.61

Annex III

Status of applications as at 15 August 1999

ESB 53 per cent account	Phase IV		Phase V		Phase VI	
	Number	Value	Number	Value	Number	Value
Humanitarian supplies						
Received	982	$1 619 162 077	1 163	$2 146 967 063	125	$606 945 080
Circulated	704	$1 598 757 327	967	$1 698 483 403	16	$150 865 733
Approved	678	$1 542 873 598	773	$1 380 482 040	9	$124 770 231
Hold	26	$55 883 729	174	$297 508 166	5	$8 245 502
Pending	0	$0	20	$20 493 197	2	$17 850 000
Null and void	252	$0	17	$0	0	$0
Oil spares						
Received	570	$298 276 784	518	$260 105 403	1	$1 962 040
Circulated	528	$285 131 000	408	$170 112 919	0	$0
Approved	431	$243 420 737	222	$77 056 913	0	$0
Hold	96	$40 995 263	166	$83 063 006	0	$0
Pending	1	$715 000	20	$9 993 000	0	$0
Null and void	28	$0	6	$0	0	$0

ESC 13 per cent account	Phase IV		Phase V		Phase VI	
	Number	Value	Number	Value	Number	Value
Received	469	$76 840 360	301	$78 607 103	9	$8 556 951
Circulated	450	$76 838 971	296	$78 439 577	9	$8 556 951
Approved	440	$76 333 509	292	$77 582 337	0	$0
Hold	10	$505 462	4	$857 240	0	$0
Pending	0	$0	0	$0	9	$8 556 951
Null and void	13	$0	3	$0	0	$0

Note: The remaining uncirculated applications include 71 applications valued at $118,415,194 in phase V and 93 applications valued at $464,396,492 in phase VI that could not be circulated pending the Committee's instruction to the Secretariat on payment mechanisms from the United Nations Iraq account.